

## Exhibit 300: Capital Asset Plan and Business Case Summary

### Part I: Summary Information And Justification (All Capital Assets)

#### Section A: Overview (All Capital Assets)

**1. Date of Submission:** 2010-03-19 12:44:52

**2. Agency:** 015

**3. Bureau:** 45

**4. Name of this Investment:** Customer Account Data Engine 2 (CADE 2)

**5. Unique Project (Investment) Identifier:** 015-45-01-14-01-2565-00

**6. What kind of investment will this be in FY 2011?:** Mixed Life Cycle

- Planning
- Full Acquisition
- Operations and Maintenance
- Mixed Life Cycle
- Multi-Agency Collaboration

**7. What was the first budget year this investment was submitted to OMB? \***

**8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap; this description may include links to relevant information which should include relevant GAO reports, and links to relevant findings of independent audits.**

The IRS is in the middle of a complex transition – having to operate and maintain both the legacy IMF and current CADE systems simultaneously for the next several years. This transition has turned out to be very risky and costly. During the fall of 2008, in response to the Commissioner's request, IRS technology leadership began developing an overall portfolio approach to IT systems modernization, which includes ongoing operations, new development and IT security. In light of ongoing oversight recommendations, the Modernized Taxpayer Accounts (MTA) technology team evaluated the current core tax account processing portion of the long-term BSM plan with primary focus on three objectives: IT security practices, financial statement material weaknesses and long-term architectural planning and viability. The MTA team recommended a Customer Account Data Engine approach that will leverage several years of successful current CADE implementation and will accelerate conversion of both the IMF and current CADE data to a target relational database. This acceleration is based on implementing a daily processing architecture and migrating core tax account processing to a target application architecture and relational database structure, thus allowing quicker conversion than the current plan would allow. Benefits of this approach include: moving all taxpayers to a faster refund cycle much earlier than the current plan; leveraging the current CADE data architecture work done to date; expediting business effect on operations because we can more quickly convert all individual taxpayer data to daily processing and a relational database architecture, simultaneously developing more advanced uses of data; addressing core tax account processing financial material weaknesses; and implementing stronger data security practices across all core tax account processing systems. The Integrated Production Model (IPM) is a key component of the Customer Account Data Engine strategy, providing new functionality to replace the existing IMF legacy MOD701 data extracts process. The goal of IPM is to develop an integrated data solution that allows the IRS to retire duplicative and costly data extracts, enabling modernized development language tools, enhanced security, and standardized data names. The AMS Disaster Recovery (DR) infrastructure provides functionality to meet the Executive mandate for the establishment of an alternate processing site for an AMS disaster recovery solution.

- a. Provide here the date of any approved rebaselining within the past year, the date for the most recent (or planned) alternatives analysis for this investment, and whether this investment has a risk management plan and risk register.**

**9. Did the Agency's Executive/Investment Committee approve this request? \***

a. If "yes," what was the date of this approval? \*

**10. Contact information of Program/Project Manager?**

- Name: \*
- Phone Number: \*
- Email: \*

**11. What project management qualifications does the Project Manager have? (per FAC-P/PM)? \***

- Project manager has been validated according to FAC-PMPM or DAWIA criteria as qualified for this investment.
- Project manager qualifications according to FAC-P/PM or DAWIA criteria is under review for this investment.
- Project manager assigned to investment, but does not meet requirements according to FAC-P/OM or DAWIA criteria.
- Project manager assigned but qualification status review has not yet started.
- No project manager has yet been assigned to this investment.

**12. If this investment is a financial management system, then please fill out the following as reported in the most recent financial systems inventory (FMSI):**

| Financial management system name(s) | System acronym | Unique Project Identifier (UPI) number |
|-------------------------------------|----------------|--|
| *                                   | *              | *                                      |

**a. If this investment is a financial management system AND the investment is part of the core financial system then select the primary FFMIA compliance area that this investment addresses (choose only one): \***

- computer system security requirement;
- internal control system requirement;
- core financial system requirement according to FSIO standards;
- Federal accounting standard;
- U.S. Government Standard General Ledger at the Transaction Level;
- this is a core financial system, but does not address a FFMIA compliance area;
- Not a core financial system; does not need to comply with FFMIA

## Section B: Summary of Funding (Budget Authority for Capital Assets)

1.

| Table 1: SUMMARY OF FUNDING FOR PROJECT PHASES<br>(REPORTED IN MILLIONS)<br>(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions) |                 |         |         |         |           |           |           |                 |       |
|--|-----------------|---------|---------|---------|-----------|-----------|-----------|-----------------|-------|
|  | PY1 and earlier | PY 2009 | CY 2010 | BY 2011 | BY+1 2012 | BY+2 2013 | BY+3 2014 | BY+4 and beyond | Total |
| Planning:  | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Acquisition:   | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Subtotal Planning & Acquisition:   | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Operations & Maintenance:  | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Disposition Costs (optional):  | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| SUBTOTAL:  | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Government FTE Costs should not be included in the amounts provided above.   |                 |         |         |         |           |           |           |                 |       |
| Government FTE Costs   | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| Number of FTE represented by Costs:  | *               | *       | *       | *       | *         | *         | *         | *               | *     |
| TOTAL(including FTE costs)   | *               | *       | *       | *       | *         | *         | *         | *               | *     |

2. If the summary of funding has changed from the FY 2010 President's Budget request, briefly explain those changes:

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## Section C: Acquisition/Contract Strategy (All Capital Assets)

1.

Table 1: Contracts/Task Orders Table

| Contract or Task Order Number | Type of Contract/Task Order (In accordance with FAR Part 16) | Has the contract been awarded (Y/N) | If so what is the date of the award? If not, what is the planned award date? | Start date of Contract/Task Order | End date of Contract/Task Order | Total Value of Contract/Task Order (M) | Is this an Interagency Acquisition? (Y/N) | Is it performance based? (Y/N) | Competitively awarded? (Y/N) | What, if any, alternative financing option is being used? (ESPC, UESC, EUL, N/A) | Is EVM in the contract? (Y/N) |
|-------------------------------|--|-------------------------------------|--|-----------------------------------|---------------------------------|--|---|--------------------------------|------------------------------|--|-------------------------------|
| TIRNO06D000190016             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2007-02-01   | 2007-02-01                        | 2009-09-30                      | \$5.9                                  | *   | *                              | *                            | *  | *                             |
| TIRNO99D000010142             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2007-11-10   | 2007-11-10                        | 2009-11-20                      | \$1.3                                  | *   | *                              | *                            | *  | *                             |
| TIRNO06D000200020             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2007-09-19   | 2007-09-19                        | 2011-10-26                      | \$0.3                                  | *   | *                              | *                            | *  | *                             |
| TIRNO99D000050235             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2009-03-30   | 2009-03-30                        | 2010-03-14                      | \$2.8                                  | *   | *                              | *                            | *  | *                             |
| TIRNO06D000130009             | FFP, LOE: Firm Fixed Price, Level of Effort Term             | Y                                   | 2006-05-31   | 2006-05-31                        | 2011-05-30                      | \$2.1                                  | *   | *                              | *                            | *  | *                             |
| TIRNO99D000050266             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2009-11-16   | 2009-11-16                        | 2010-04-18                      | \$0.7                                  | *   | *                              | *                            | *  | *                             |
| TIRNO06D000130011             | FFP, LOE: Firm Fixed Price, Level of Effort Term             | Y                                   | 2009-11-09   | 2009-11-09                        | 2010-02-12                      | \$1.2                                  | *   | *                              | *                            | *  | *                             |
| TIRNO09Z000300002             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2009-10-26   | 2009-10-26                        | 2010-05-30                      | \$0.4                                  | *   | *                              | *                            | *  | *                             |
| TIRNO06D000260044             | FFP: Firm Fixed Price  | Y                                   | 2009-10-27   | 2009-10-27                        | 2010-10-26                      | \$2.4                                  | *   | *                              | *                            | *  | *                             |
| TIRNO10P00050                 | FFP: Firm Fixed Price  | Y                                   | 2009-11-17   | 2009-11-19                        | 2010-09-30                      | \$0.2                                  | *   | *                              | *                            | *  | *                             |
| TIRNO08Z000150015             | CPFF: Cost Plus Fixed Fee                                    | Y                                   | 2009-09-01   | 2009-09-01                        | 2010-09-01                      | \$0.6                                  | *   | *                              | *                            | *  | *                             |

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:

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3. Is there an acquisition plan which reflects the requirements of FAR Subpart 7.1 and has been approved in accordance with agency requirements? \*

a. If "yes," what is the date? \*

## Section D: Performance Information (All Capital Assets)

Table 1: Performance Information Table

| Fiscal Year | Strategic Goal(s) Supported              | Measurement Area | Measurement Grouping | Measurement Indicator  | Baseline | Target  | Actual Results |
|-------------|--|------------------|----------------------|--|----------|---------|----------------|
| 2012        | Management and Organizational Excellence | *                | *                    | The percentage of refunds identified for daily processing.   | 30%      | 80%     |                |
| 2012        | Management and Organizational Excellence | *                | *                    | The percentage of transactions processed daily compared to the total transactions processed by the IRS.  | 15%      | 80%     |                |
| 2012        | Management and Organizational Excellence | *                | *                    | Interest paid on taxpayer refunds per 1 Million Dollars.<br>This figure represents total Refund Interest divided by total refund dollars issued on original settlement. Measurement data is provided by W&I and SB/SE in the SMART database. | \$37.01  | \$38.00 |                |
| 2012        | Management and Organizational Excellence | *                | *                    | Percent business days, the CADE 2 solution will process transactions within 48 hours of receipt from submissions processing for days in which there are transactions to process  | 0%       | 90%     |                |
| 2012        | Management and Organizational Excellence | *                | *                    | Percent of individual taxpayers will have individual account data stored in the CADE 2 relational database and usable by IRS employees for viewing.  | 0%       | 85%     |                |

## Part II: Planning, Acquisition And Performance Information

### Section A: Cost and Schedule Performance (All Capital Assets)

#### 1. Comparison of Actual Work Completed and Actual Costs to Current Approved Baseline

| Description of Milestones  | Planned Cost (\$M) | Actual Cost (\$M) | Planned Start Date | Actual Start Date | Planned Completion Date | Actual Completion Date | Planned Percent Complete | Actual Percent Complete |
|--|--------------------|-------------------|--------------------|-------------------|-------------------------|------------------------|--------------------------|-------------------------|
| Transition State 1 (TS1) deliver a single source of authoritative individual core taxpayer data in a relational database and provide daily processing of taxpayer accounts | \$176.5            | \$4.9             | 2009-10-01         | 2009-10-01        | 2012-03-30              |                        | 2.90%                    | 2.78%                   |
| Transition State 2 (TS2) fully populate the relational database, continue work on resolving financial material weaknesses, and   | *                  | *                 | 2010-10-01         |                   | 2014-03-31              |                        | 0.00%                    | 0.00%                   |
| Provide program office and Engineering and Analysis support for TS1 and TS2  | \$21.6             | \$17.9            | 2009-10-01         | 2009-10-01        | 2010-09-30              |                        | 80.31%                   | 82.70%                  |
| Provide program office and Engineering and Analysis support for TS1 and TS2  | *                  | *                 | 2010-10-01         |                   | 2011-09-30              |                        | 0.00%                    | 0.00%                   |
| Provide program office and Engineering and Analysis support for TS1 and TS2  | *                  | *                 | 2011-10-01         |                   | 2012-09-30              |                        | 0.00%                    | 0.00%                   |
| Provide program office and Engineering and Analysis support for TS2  | *                  | *                 | 2012-10-01         |                   | 2013-09-30              |                        | 0.00%                    | 0.00%                   |
| Provide program office and Engineering and Analysis  | *                  | *                 | 2013-10-01         |                   | 2014-09-30              |                        | 0.00%                    | 0.00%                   |

| 1. Comparison of Actual Work Completed and Actual Costs to Current Approved Baseline  |                    |                   |                    |                   |                         |                        |                          |                         |
|---|--------------------|-------------------|--------------------|-------------------|-------------------------|------------------------|--------------------------|-------------------------|
| Description of Milestones   | Planned Cost (\$M) | Actual Cost (\$M) | Planned Start Date | Actual Start Date | Planned Completion Date | Actual Completion Date | Planned Percent Complete | Actual Percent Complete |
| support for TS2   |                    |                   |                    |                   |                         |                        |                          |                         |
| TS1 O&M FY 12   | *                  | *                 | 2012-03-30         |                   | 2012-09-30              |                        | 0.00%                    | 0.00%                   |
| TS1 O&M FY 13   | *                  | *                 | 2012-10-01         |                   | 2013-09-30              |                        | 0.00%                    | 0.00%                   |
| TS1&TS2 O&M FY14-FY23   | *                  | *                 | 2013-10-01         |                   | 2023-09-30              |                        | 0.00%                    | 0.00%                   |
| Provide the contractor support to modify and tune the IPM release 5.0 for ad-hoc access as well as develop Metadata for additional CADE2 fields being added to IPM to support CADE2         | *                  | *                 | 2009-10-01         |                   | 2010-07-31              |                        | 0.00%                    | 0.00%                   |
| Provide increased hardware capacity and processing power to the IPM system in order support increased data and frequency of data loads based on CADE 2 requirements.                        | *                  | *                 | 2010-06-01         |                   | 2011-09-30              |                        | 0.00%                    | 0.00%                   |
| AMS Disaster Recovery (DR) infrastructure provides functionality to meet the Executive mandate for the establishment of an alternate processing site for an AMS disaster recovery solution. | \$1.9              | \$1.9             | 2009-10-01         | 2009-10-01        | 2010-02-26              | 2010-01-26             | 100.00%                  | 100.00%                 |

\* - Indicates data is redacted.